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February 16, 2005

Beth Mizuno, Esq.
Office of the General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: *MUR 5635: Edward Adams*
Original Affidavit & Designation of Counsel

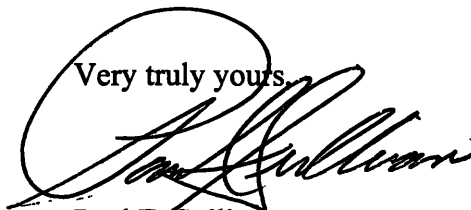
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COMMISSION
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COUNSEL
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Dear Ms. Mizuno:

Enclosed please find (1) the original signed and notarized Affidavit of Edwards J. Adams, Jr., and (2) Mr. Adams's original signed designation of counsel, appointing our firm to represent him in the above-referenced matter. Copies of both documents were attached to the RTB Response Brief that we filed with the Commission on February 8, 2005.

If you have any questions, please contact me at your convenience.

Very truly yours,



Paul E. Sullivan
Sullivan & Associates, PLLC

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**Federal Election Commission
MUR 5635**

AFFIDAVIT OF EDWARD J. ADAMS, JR.

NOW COMES Edward J. Adams, Jr., the undersigned affiant being of majority and a resident of the Commonwealth of Virginia, who does state and testify as follows:

1. I am Edward J. Adams, Jr., and I have personal knowledge of the facts as set forth herein.
2. I began employment with American Target Advertising, Inc. ("ATA"), a for-profit business entity incorporated in the Commonwealth of Virginia, on April 28, 2000. My title was Chief Financial Officer ("CFO").
3. My duties for ATA in 2000 were initially restricted to designing and implementing an accounting system. I reported to both the Chairman (Richard Viguerie) and the President and General Counsel (Mark Fitzgibbons).
4. Mr. Fitzgibbons and Mr. Viguerie controlled all disbursements of client funds. During the period covered by this audit, I did not participate in, nor did I have authority to make decisions regarding mailings or the disbursement of client funds for any client.
5. Standard operating procedure at ATA upon my arrival was to borrow from various lenders for the postage on each mailing. The process was as follows:
 - a. An ATA employee would request postage from a lender for a specific mailing and client.
 - b. ATA would provide an escrow agreement stipulating that the lender received the first money back on the mailing and that ATA was ultimately responsible for repaying this loan. The escrow agreement was a standard form in which only the names of the client, vendor, and job changed between different agreements. True and complete copies of representative escrow agreements are attached and fully incorporated herein.
 - c. The lender would write a check to either the mail shop or the U.S. Post Office.
 - d. The lender would be paid back in funds raised from the respective mailing that were deposited into the client's escrow bank account.

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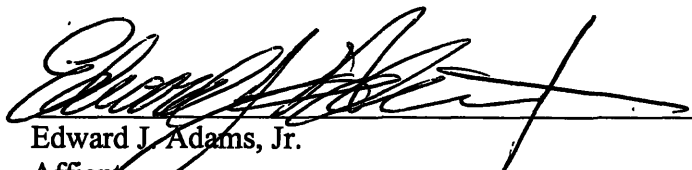
6. In or about June or July 2000, ATA employee Nate Snellson asked me if I would like to be a lender or if I knew of any possible lenders. I consulted Mr. Fitzgibbons, the President and General Counsel, about the offer, and he explained the process to me.
7. In subsequent meetings, Viguerie and Fitzgibbons made it clear to me that it was in my best interest to make these loans and to facilitate others' making of loans, whether for ATA's political clients or for its non-FEC-regulated 501(c)(3) and (c)(4) clients. They explained that the company would benefit from the improved cash flow, and I would also gain directly by receiving interest payments from the clients. Thus, I agreed to become a lender and to seek out other lenders.
8. By making the loans, I provided ATA with additional sources of cash flow that enabled it to keep its business running smoothly. Because the nature of the direct marketing business is to incur large up-front costs for mailings, which are then usually recovered through the funds received in response to the mailings, and because ATA did not have large capital reserves, it relied heavily on financing through short-term loans from persons, such as myself, with whom it had established relationships. By becoming a lender, I became a much more valuable asset to ATA. Because of the cash flow my loans enabled, ATA was able to attract clients who otherwise could not afford the initial outlay for a mass mailing, and ATA usually was able to make a profit once the response to the mass mailing came in.
9. A substantial majority of the loans I made while working for ATA were to facilitate mailings for ATA's non-political, non-profit clients. I estimate that I lent three to four times as much money to non-political clients as I did to clients that were FECA-regulated political committees.
10. All of the funds I advanced on behalf of ATA clients were guaranteed by ATA under the terms of ATA's standard escrow agreement. (See § 5(b), above; escrow agreements, attached.) Thus ATA, and not I, bore the risk of loss if any of the loans were not repaid.
11. The Conservative Leadership Political Action Committee ("CLPAC") became a client of ATA in July, 2000. At the request of Mr. Snellson or other ATA personnel, I made loans for various CLPAC mailings between August and December, 2000.
12. I did not initiate any of the loan transactions myself or in consultation with CLPAC, but was told when funds were needed via a standard loan request memo, usually on ATA letterhead, and I made each loans in response to one of those requests. True and complete copies of these memoranda are attached and fully incorporated herein. The same procedures were followed with regard to CLPAC as were followed for all other clients.

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13. CLPAC was only one of many clients for whom I advanced postage funds during my time at ATA, most of which were not political committees. An interest rate of 2% monthly was charged on the loans made for CLPAC, just as was the case with all ATA clients for whom I lent money.
 14. Most of the mailings for which I lent money paid for themselves within 25 to 45 days after I lent the initial funds for postal expenses. With respect to this particular case, all the loans I made for ATA regarding the CLPAC mailings were repaid in a such a timely fashion, with all CLPAC's debts to me having been paid in full by the end of January, 2001. Thus, ATA never had to institute collection proceedings against CLPAC for the loans I made, nor did ATA, as guarantor, have to step in pursuant to the escrow agreement to repay me.
 15. As time went by at ATA, my role as lender and intermediary with other lenders was encouraged and rewarded by Mr. Viguerie. I was praised for my work, and in the spring of 2001 I received a raise in pay. My raise was not exclusively tied to my participation as a lender, but my lending activity was a significant factor that enhanced my value as an ATA employee.
 16. The primary purpose of the loans I made was to enable ATA to conduct its business and increase its revenue. By 2004, making these loans was my sole responsibility at the company.
 17. Because I had limited knowledge of FEC filings and regulations, I inquired of Mr. Fitzgibbons how the loans would be recorded on reports submitted to the FEC. I did this not because I was concerned about the legality of the loans, but because as CFO, I needed to set up the accounting system and processes so as to facilitate the gathering of appropriate data for the FEC reports. Mr. Fitzgibbons specifically informed me that loans would be handled like any other loan, and stated to me numerous times that ATA's contracts and activities of its vendors and lenders with respect to FEC-regulated clients were being conducted under "an approved method by the FEC."
 18. I relied on this advice and had no knowledge or reason to believe that the loans I made for the CLPAC mailings may have been in violation of the FECA.
 19. I ended my employment with ATA on October 31, 2004.

SO SAY I.

I swear that the statements contained in this affidavit are true and correct to the best of my knowledge.


Edward J. Adams, Jr.
Affiant

On the 7th day of February, 2005, Edward J. Adams, Jr. came before me and swore that all the statements in this affidavit were true and correct to the best of his knowledge.


Notary Public

11-30-08
Date my commission expires

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Edward J. Adams, Jr. 2/7/5
Edward J. Adams, Jr. Date

Edward J. Adams, Jr. Date

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